

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Trenchant Capital Corp. (the “**Company**”)
333 Bay Street, Suite 630
Toronto, ON M5H 2R2

Item 2 Date of Material Change

May 18, 2017

Item 3 News Release

News release dated May 18, 2017 was disseminated via Newsfile Corp.

Item 4 Summary of Material Change

The Company completed its Change of Business (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”)) (the “**Transaction**”), pursuant to which, through a wholly-owned subsidiary, it made an initial investment (the “**Initial Investment**”) in the sum of \$5,522,000 to Waiward Investments Limited Partnership (the “**Borrower**”) pursuant to a loan agreement dated March 2, 2017 (the “**Loan Agreement**”). The Borrower is a limited partnership related to the Hillcore Group (“**Hillcore**”).

The Initial Investment matures on March 31, 2022 (rather than May 18, 2017 as noted in the press release attached hereto) and is secured by the Borrower’s indirect equity interest in Waiward Steel Limited Partnership. In connection with the closing of the Transaction, the Company completed:

- an initial tranche of its prospectus offering of 5,522 9% secured convertible debentures (the “**Debentures**”) in the aggregate principal amount of \$5,522,000 (the “**Debenture Offering**”); and
- a private placement of convertible preferred shares (each, a “**Preferred Share**”) for gross proceeds of \$2,700,000 (the “**Preferred Share Offering**”, and together with the Debenture Offering, the “**Offerings**”); and

As a result of the completion of the Transaction, the Company has become a Tier 2 Investment Issuer on the TSXV.

HCG5 Investment Limited Partnership (“**HCG5**”), a limited partnership related to Hillcore, is the holder of 2,000,000 common shares in the capital of the Company (each, a “**Common Share**”), representing 17.3% of the issued and outstanding Common Shares as at the date hereof, and, as a result, is an insider of the Company.

Hillcore Diversified Industries Ltd. (“**Hillcore Diversified**”), a corporation related to Hillcore, subscribed for 3,925,000 Preferred Shares and Tom English, a director of the Company, subscribed for 1,250,000 Preferred Shares. In addition, the Company made the Initial Investment to the Borrower. Each of these transactions constituted a “related party transaction” as such term

is defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, related party transactions.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

A full description of the material change is described in Item 4 above, in the attached news release, and in the Company’s filing statement dated as of April 20, 2017, which was filed on SEDAR on April 25, 2017.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Preferred Share Offering and the Initial Investment constituted “related party transactions”, in part, as certain directors, officers and insiders of the Company participated in the Preferred Share Offering, and the Initial Investment was made to an affiliate of Hillcore.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

See Item 4 above for a description of the Preferred Share Offering and the Initial Investment.

(b) the purpose and business reasons for the transaction:

The purpose of the Preferred Share Offering is for general working capital, general corporate purposes and the payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

The Company will become a diversified investment and venture capital firm with a focus on providing special situation debt financing to established companies with a proven track record.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Hillcore Diversified, a corporation related to Hillcore, subscribed for 3,925,000 Preferred Shares for proceeds of \$1,570,000.

Tom English, a director of the Company, subscribed for 1,250,000 Preferred Shares for proceeds of \$500,000.

The Borrower, which is related to Hillcore, received the Initial Investment from the Company.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

The Initial Investment did not result in any change in the percentage of securities of the Company beneficially owned or controlled by any person or company referred to in subparagraph (i).

The following table sets out the effect of the Preferred Share Offering on the percentage of securities of the Company beneficially owned or controlled by Hillcore Diversified and Tom English:

Name and Position	Dollar Amount of Preferred Shares Purchased	Number of Securities Purchased	No. of Securities Held prior to Closing of the Preferred Share Offering	Percentage of Issued and Outstanding Securities prior to Closing of the Preferred Share Offering	No. of Securities Held After Closing of the Preferred Share Offering	Percentage of Issued and Outstanding Securities After Closing of the Preferred Share Offering
Hillcore Diversified Industries Ltd. ⁽¹⁾	\$1,570,000	3,925,000 Preferred Shares	Undiluted: 2,000,000 ⁽²⁾ Diluted: 2,000,000	Undiluted: 17.34% ⁽³⁾ Diluted: 17.34%	Undiluted: 2,000,000 ⁽²⁾ Diluted: 5,925,000 ⁽⁴⁾	Undiluted: 17.34% ⁽³⁾ Diluted: 38.32% ⁽⁵⁾
Tom English Director	\$500,000	1,250,000 Preferred Shares	Undiluted: 2,000,000 ⁽²⁾ Diluted: 2,000,000	Undiluted: 17.34% ⁽³⁾ Diluted: 17.34%	Undiluted: 2,000,000 ⁽²⁾ Diluted: 3,250,000 ⁽⁶⁾	Undiluted: 17.34% ⁽³⁾ Diluted: 25.42% ⁽⁷⁾

(1) Hillcore Diversified is a corporation related to Hillcore.

(2) These Common Shares are held indirectly by HCG5 Investment Limited Partnership ("HCG5").

(3) Based on 11,535,885 Common Shares outstanding prior to the completion of the Transaction.

(4) Comprised of: (i) 2,000,000 Common Shares held indirectly by HCG5 and, (ii) 3,925,000 Common Shares held directly that may be issued on conversion of the Preferred Shares.

(5) Based on 15,460,885 Common Shares outstanding on a partially diluted-basis following the completion of the Transaction, comprised of: (i) 11,535,885 Common Shares outstanding following the completion of the Transaction and, (ii) 3,925,000 Common Shares that may be issuable on conversion of the Preferred Shares held directly, but excluding any Common Shares that may be issuable on conversion of the Debentures. None of the Preferred Shares are convertible into Common Shares until May 18, 2018.

(6) Comprised of: (i) 2,000,000 Common Shares held directly and, (ii) 1,250,000 Common Shares held directly that may be issued on conversion of the Preferred Shares.

(7) Based on 12,785,885 Common Shares outstanding on a partially diluted-basis following the completion of the Transaction, comprised of: (i) 11,535,885 Common Shares outstanding following the completion of the Transaction and, (ii) 1,250,000 Common Shares that may be issuable on conversion of the Preferred Shares held directly, but excluding any Common Shares that may be issuable on conversion of the Debentures. None of the Preferred Shares are convertible into Common Shares until May 18, 2018.

- (e) *unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:*

Mr. English abstained on the resolution of the board of directors of the Company approving the Preferred Share Offering with respect to his subscription.

The Initial Investment and related transactions were approved by Eric Boehnke, a director of the Company, who owns 4,958,293 Common Shares, representing 43.0% of the issued and outstanding Common Shares, as at the date hereof, and was not an interested party in connection with the Transaction.

A special committee was not established in connection with the approval of the Transaction, and no materially contrary view or abstention was expressed or made by any director.

- (f) *a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:*

Not applicable.

- (g) *disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:*

- (i) *that has been made in the 24 months before the date of the material change report:*

Not applicable.

- (ii) *the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:*

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:*

The Company entered into a subscription agreement with Hillcore Diversified pursuant to which Hillcore Diversified agreed to purchase 3,925,000 Preferred Shares for gross proceeds of \$1,570,000.

The Company entered into a subscription agreement with Tom English pursuant to which Mr. English agreed to purchase 1,250,000 Preferred Shares for gross proceeds of \$500,000.

The Company entered into the Loan Agreement with the Borrower, pursuant to which the Company agreed to make the Initial Investment to the Borrower.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

The Company relied on the exemptions in Sections 5.5(e) and 5.7(c) of MI 61-101 as the above transactions were approved by Eric Boehnke, a director of the Company who is not an interested party to these transactions and who owns 4,955,793 Common Shares, representing 43.0% of the issued and outstanding Common Shares as at the date hereof.

The Company did not file a material change report more than 21 days before the closing of the Preferred Share Offering and the Initial Investment as the details of the aforementioned persons' participation were not settled until shortly prior to the closing of the Preferred Share Offering and the Initial Investment, and the Company wished to close the Offerings and the Initial Investment on an expedited basis.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Eric Boehnke, President and CEO
Telephone: (604) 307-4274

Item 9 Date of Report

May 29, 2017

This offering is made only by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from one of the dealers noted above. Investors should read the prospectus before making an investment decision.

Not for distribution to United States newswire services or for dissemination in the United States.



333 Bay Street, Suite 630, Toronto, ON, M5H 2R2 Tel: (416) 867-1569

May 18, 2017

Trading Symbol: TCC.H

TRENCHANT CLOSSES FIRST TRANCHE OF PROSPECTUS FINANCING
*Also completes Change of Business, Waiward Initial Investment and
Convertible Preferred Share Offering with Total Funds Raised of \$8,220,000*

May 18, 2017, Toronto, ON - Trenchant Capital Corp. (TSX.V: TCC.H) ("Trenchant" or the "Company") is pleased to announce that it has closed the initial tranche of its prospectus offering, as previously announced on March 8, 2017 (the "**Debenture Offering**"), pursuant to which it has raised gross proceeds of \$5,522,000 through the issuance of 5,522 9% secured convertible debentures (the "**Debentures**") priced at \$1,000 per Debenture. The syndicate for the Debenture Offering is being led by Industrial Alliance Securities Inc. and includes Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc. (collectively, the "**Agents**"), who received a cash commission of 6.5% of the gross proceeds of the Debenture Offering. The net proceeds of the Debenture Offering were used to fund the Waiward Initial Investment (as defined herein), which was completed in connection with the Company's Change of Business (as defined in the policies of the TSX Venture Exchange (the "**TSXV**")). Following the issuance of the TSXV's final bulletin with respect to the Change of Business, the Company's trading symbol is expected to change to "TCC.V".

The Debenture Offering

The Debentures will mature on March 31, 2022 and the outstanding principal of the Debentures will bear interest (the "**Debenture Interest**") at the rate of 9.0% per annum, payable quarterly in cash. Commencing on May 18, 2018, the outstanding principal amount of the Debentures may be converted, at the option of the holder, into common shares of the Company (each, a "**Common Share**") at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the Common Shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.00 per Common Share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Debentures, and the Debenture Interest thereon, in cash, at any time after May 18, 2019 by paying the Debenture holders 105% of the outstanding principal amount of the Debentures in year three, 103% of the

outstanding principal amount of the Debentures in year four, and 101% of the outstanding principal amount of the Debentures in year five, plus any accrued Debenture Interest thereon. The Company has pledged all of the outstanding shares of a wholly-owned subsidiary (the “**Lender**”) to the holders of the Debentures as security for the Company’s outstanding obligations under the Debentures. The holders of the Debentures have no recourse to the Company other than with respect to the shares of the Lender. The Company has covenanted to apply to list the Debentures on the TSXV on or before August 16, 2017.

Ongoing Offering

The Company intends to close additional tranches of Debentures and anticipates completing a second closing on or about June 22, 2017.

The Initial Investment

The Company, through the Lender, has made an initial investment in the sum of \$5,522,000 to Waiward Investments Limited Partnership (the “**Borrower**”) pursuant to a Loan Agreement (the “**Loan Agreement**”) dated March 2, 2017 (the “**Initial Investment**”). The Borrower is a limited partnership related to the Hillcore Group (“**Hillcore**”). The Initial Investment is secured by the Borrower’s indirect equity interest in Waiward Steel Limited Partnership (“**Waiward Steel**”), one of Canada’s largest steel fabricators and erectors.

In business for over 40 years, Waiward Steel is an industry-leading provider of construction, engineering and drafting services. Using a multi-disciplinary approach and managing strategic partnerships across Canada, Waiward Steel adds value to projects from conception to completion. Based in Edmonton, Alberta, Waiward Steel operates one of Canada’s largest steel fabrication facilities, with over 200,000 square feet of fabrication space and the ability to produce up to 1,000 tons per week. With over 600 employees, Waiward Steel has been named one of Canada’s Top 50 Best Managed Companies every year since 2005. Waiward Steel serves multiple sectors across Western Canada and around the world. For more details on Waiward Steel’s operations see www.waiward.com.

The outstanding principal of the Initial Investment will bear interest at the rate of 12.5% per annum, with 10% payable quarterly in cash and 2.5% being added quarterly to the outstanding principal of the Initial Investment and payable on the maturity date of May 18, 2022. The Borrower has paid the Company a fee equal to 7% of the funds advanced.

The Borrower has also granted the Company a five-year unit purchase option entitling it to purchase up to 2.76% of the Borrower’s indirect holdings in Waiward Steel, with an escalating exercise price based upon the projected earnings of Waiward Steel.

The Borrower may prepay the outstanding principal of the Initial Investment, and accrued interest thereon, at any time after May 18, 2019 by paying the Lender 105% of the outstanding principal amount of the Initial Investment in year three, 103% of the outstanding principal amount of the Initial Investment in year four, and 101% of the outstanding principal amount of the Initial Investment in year five, plus any applicable interest thereon.

The Convertible Preferred Share Offering

The Company has also closed its previously announced private placement of non-voting convertible preferred shares (each, a “**Preferred Share**”) pursuant to which it has raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 Preferred Shares at a price of \$0.40 per Preferred Share (the “**Preferred Share Offering**”, and together with the Debenture Offering, the “**Offerings**”).

The Preferred Shares are entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of Preferred Shares may, commencing on May 18, 2018, convert their Preferred Shares into Common Shares on a one for one basis, subject to a semi-annual maximum conversion limit of such number of Common Shares as is equal to 25% of a particular holder's Preferred Shares. The Preferred Shares will automatically convert into Common Shares on a one for one basis on May 18, 2020. The Preferred Shares are subject to a hold period that expires on September 19, 2017.

Holders of Preferred Shares will not be entitled to receive notice of, attend or vote at any general meeting of the shareholders of the Company. The Preferred Shares will not be listed for trading on the TSXV or on any other stock exchange or quotation system.

The proceeds of the Preferred Share Offering will be used for payment of the fees and expenses for the Offerings, the Initial Investment and the Change of Business, to fund the operation expenses of the Company and for general working capital purposes. No commissions or finder's fees were paid on the sale of the Preferred Shares.

Change of Business Competed

The Offerings and the Initial Investment are part of the previously announced Change of Business of the Company pursuant to which the Company has become a Tier 2 Investment Issuer on the TSXV.

Hillcore Strategic Alliance

The Company has entered into a strategic alliance with Hillcore that grants the Company rights of first negotiation to provide special situation debt financing to Hillcore's pipeline of current and future private equity investments. The Company expects that such financings may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along negotiation rights, as well as negotiation rights, for capital market transactions with respect to projects for which the Company has provided financing. HCG5 Investment Limited Partnership ("HCG5"), a limited partnership related to Hillcore, holds approximately 17.3% of the issued and outstanding Common Shares.

MI 61-101 Disclosure

Hillcore Diversified Industries Ltd., a corporation related to Hillcore, subscribed for 3,925,000 Preferred Shares and Tom English, a director of the Company, subscribed for 1,250,000 Preferred Shares in the Preferred Share Offering. In addition, the Company has made the Initial Investment to the Borrower. Each of these transactions constitute a "related party transaction" as such term is defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), which requires that the Company, in the absence of exemptions, obtain a formal valuation for, and minority shareholder approval of, the related party transactions. The Company is relying on the exemptions in Sections 5.5(e) and 5.7(c) of MI 61-101 as the above transactions have been approved by Eric Boehnke, a director of the Company who is not an interested party to these transactions and who owns 4,955,793 Common Shares, representing 43.0% of the Company's issued and outstanding Common Shares. The Company did not file a material change report more than 21 days before the closing of the Preferred Share Offering and the Initial Investment as the details of the aforementioned persons' participation were not settled until shortly prior to the closing of the Preferred Share Offering and the Initial Investment, and the Company wished to close the Offerings and the Initial Investment on an expedited basis.

About Trenchant

The Company aims to become a diversified investment and venture capital firm with a focus on providing special situation debt financing to established companies with a proven track record. The Company expects to benefit from its strategic alliance with Hillcore, a leading independent Canadian investment and advisory firm, that grants the Company rights of first negotiation to provide financing and management services to Hillcore's pipeline of current and future private equity investments.

About the Hillcore Group

Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors. With offices in Toronto, Vancouver, Calgary and Montreal, Hillcore employs approximately 2,500 people throughout Canada across its various groups and portfolio companies. Entities under management by Hillcore had an asset value in excess of \$4.4 billion as of December 31, 2015.

Other Information

Please refer to the Company's filing statement dated April 20, 2017, available under the Company's profile on SEDAR at www.sedar.com, for further particulars on the Offerings, the Initial Investment and the Change of Business.

ON BEHALF OF THE BOARD

TRENCHANT CAPITAL CORP.

Per: "Eric Boehnke"

Eric Boehnke, CEO

For further information, please contact:

Trenchant Capital Corp.
Eric Boehnke, CEO
Phone: (604) 307-4274

Neither TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.

Disclaimer for Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include statements regarding the Company's proposed trading symbol change, the proposed business and operations of the Company following completion of the Offerings and the Initial Investment, that the Company may complete future tranches of the Offerings, and the proposed timing for the application for listing of the Debentures on the TSXV. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors that may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: failure to receive final TSXV approval for the Change of Business or the Offerings; the Company's inability to apply to list the Debentures on the TSXV in the time expected or failure to obtain the approval of the TSXV for the listing of the Debentures; general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; and other risks outside of the Company's control. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except as required by applicable laws, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.